

# **FISCAL NOTE**

## **SB 2001 - HB 1998**

March 22, 2005

**SUMMARY OF BILL:** Authorizes Greene County to manufacture hot mix asphalt for use on county roads.

### **ESTIMATED FISCAL IMPACT:**

**Increase Local Govt. Expenditures – Exceeds \$400,000/One-Time/Permissive**

**Decrease Local Govt. Expenditures – Net Impact:**

**Exceeds \$100,000/Recurring/Permissive**

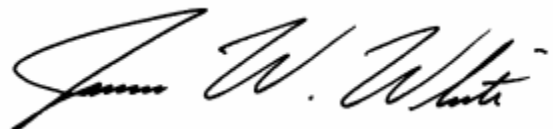
**Other Fiscal Impact – To the extent that Greene County chooses to operate such a plant, this could displace sales from a privately owned plant and could result in a decrease in state and local government revenues due to a loss of local option and sales and use taxes collected on raw materials used by a private company which currently sell such products to the local government. The average privately owned plant in Tennessee pays approximately \$150,000 per year in state sales and use tax and approximately \$50,000 per year in local option tax.**

#### Assumptions:

- The cost for Greene County to obtain such a plant ranges from \$400,000 to \$900,000.
- There will be a net decrease in local government expenditures exceeding \$100,000 due to the savings achieved by securing a county-owned hot-mix asphalt plant.
- The county already has suitable land, labor, and heavy equipment necessary to operate such a facility.
- The county would not operate such a plant unless significant cost savings could be realized to offset the cost of the plant.

### **CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

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